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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## REGULATION E

### EXEMPTION FOR SECURITIES OF SMALL BUSINESS INVESTMENT COMPANIES

#### Definitions of Terms Used in §230.601 to 230.610a

**Reg. §230.601.** As used in §§230.601 to 230.610a, the following terms shall have the meaning indicated:

*Act.* The term “Act” refers to the Securities Act of 1933 unless specifically stated otherwise.

*Affiliate.* An “affiliate” of an issuer is a person controlling, controlled by or under common control with such issuer. An individual who controls an issuer is also an affiliate of such issuer.

*Notification.* The term “notification” means the notification required by §230.604.

*Offering Circular.* The term “offering circular” means the offering circular required by §230.605.

*State.* “State” is any State, Territory or insular possession of the United States, or the District of Columbia.

*Underwriter.* The term “underwriter” shall have the meaning given in section 2(11) of the Act.

#### Securities Exempted

##### **Reg. §230.602.**

- (a) Except as hereinafter provided in this rule, securities issued by any small business investment company which is registered under the Investment Company Act of 1940, or any closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940 or has notified the Commission that it intends to elect to be regulated as a business development company pursuant to section 54 of the Investment Company Act of 1940, will be exempt from registration under the Securities Act of 1933, subject to the terms and conditions of §§230.601 and 230.610a. As used in this paragraph, the term “small business investment company” means any company which is licensed as a small business investment company under the Small Business Investment Act of 1958 or which has received the preliminary approval of the Small Business Administration and has been notified by the Administration that it may submit a license application. As used in this paragraph, the term “business development company” means any closed-end investment company which meets the definitional requirements of section 2(a)(48)(A) and (B) of the Investment Company Act of 1940 [15 U.S.C. 80a-2(a)48].
- (b) No exemption under §§230.601 to 230.610a shall be available for the securities of any issuer if such issuer or any of its affiliates—
- (1) has filed a registration statement which is the subject of any proceeding or examination under section 8 of the Act, or is the subject of any refusal order or stop order entered thereunder within five years prior to the filing of the notification.
  - (2) is subject to pending proceedings under §230.610 or any similar rule adopted under section 3(b) of the Act, or to an order entered thereunder within five years prior to the filing of such notification.

- (3) has been convicted within five years prior to the filing of such notification of any crime or offense involving the purchase or sale of securities;
  - (4) is subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years prior to the filing of such notification, temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of securities;
  - (5) is subject to pending proceedings under section 8(e) of the Investment Company Act of 1940 or to any suspension or revocation order issued thereunder;
  - (6) is subject to an injunction issued pursuant to section 35(d) of the Investment Company Act of 1940; or
  - (7) is subject to a United States Post Office fraud order.
- (c) No exemption under §§230.601 to 230.610a shall be available for the securities of any issuer, if any of its directors, officers or principal security holders, any investment adviser or any underwriter of the securities to be offered, or any partner, director or officer of any such investment adviser or underwriter—
- (1) has been convicted within ten years prior to the filing of the notification of any crime or offense involving the purchase or sale of any security or arising out of such person's conduct as an underwriter, broker, dealer or investment adviser;
  - (2) is temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person's conduct as an underwriter, broker, dealer or investment adviser;
  - (3) is subject to an order of the Commission entered pursuant to section 15(b) or 15A(1) of the Securities Exchange Act of 1934; has been found by the Commission to be a cause of any such order which is still in effect; or is subject to an order of the Commission entered pursuant to section 203(d) or (e) of the Investment Advisers Act of 1940;
  - (4) is suspended or has been expelled from membership in a national securities dealers' association or a national securities exchange for conduct inconsistent with just and equitable principles of trade; or
  - (5) is subject to a United States Post Office fraud order.
- (d) No exemption under §§230.601 to 230.610a shall be available for the securities of any issuer if any underwriter of such securities, or any director, officer or partner of any such underwriter was, or was named as, an underwriter of any securities—
- (1) covered by any registration statement which is the subject of any proceeding or examination under section 8 of the Act, or is the subject of any refusal order or stop order entered thereunder within five years prior to the filing of the notification; or
  - (2) covered by any filing which is subject to pending proceedings under §230.610 or any similar rule adopted under section 3(b) of the Act, or to an order entered thereunder within five years prior to the filing of such notification.
- (e) Paragraph (b), (c) or (d) shall not apply to the securities of any issuer if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied. Any such determination by the Commission shall be without prejudice to any other action by the Commission in any other proceeding or matter with respect to the issuer or any other person.

### **Amount of Securities Exempted**

#### **Reg. §230.603.**

- (a) The aggregate offering price of all of the following securities of the issuer shall not exceed \$5,000,000:
  - (1) all securities presently being offered under §§230.601 to 230.610a, or specified in the notification as proposed to be so offered;
  - (2) all securities previously sold pursuant to an offering under §§230.601 to 230.610a, commenced within one year prior to the commencement of the proposed offering; and

- (3) all securities sold in violation of section 5(a) of the Act within one year prior to the commencement of the proposed offering.

Notwithstanding the foregoing, the aggregate offering price of all securities so offered or sold on behalf of any one person other than the issuer shall not exceed \$100,000, except that this limitation shall not apply if the securities are to be offered on behalf of the estate of a deceased person within two years after the death of such person.

- (b) The aggregate offering price of securities, which have a determinable market value shall be computed upon the basis of such market value as determined from transactions or quotations on a specified date within 15 days prior to the date of filing the notification, or the offering price to the public, whichever is higher; provided, that the aggregate gross proceeds actually received from the public shall not exceed the maximum aggregate offering price permitted in the particular case by paragraph (a) above.
- (c) In computing the amount of securities which may be offered under §§230.601 to 230.610a, there need not be included unsold securities the offering of which has been withdrawn with the consent of the Commission by amending the pertinent notification to reduce the amount stated therein as proposed to be offered.

### **Filing of Notification on Form 1-E**

#### **Reg. §230.604.**

- (a) At least 10 days (Saturdays, Sundays and holidays excluded) prior to the date on which the initial offering or sale of any securities is to be made under §§230.601 to 230.610a, there shall be filed with the Commission four copies of a notification on Form 1-E. The Commission may, however, in its discretion, authorize the commencement of the offering or sale prior to the expiration of such 10-day period upon a written request for such authorization. At the time of filing the notification, the applicant shall pay to the Commission a fee of \$100, no part of which shall be refunded.
- (b) The notification shall be signed by the issuer and each person, other than the issuer, for whose account any of the securities are to be offered. If the notification is signed by any person on behalf of any other person, evidence of authority to sign on behalf of such other person shall be filed with the notification, except where an officer of the issuer signs on behalf of the issuer.
- (c) Any amendment to the notification shall be signed in the same manner as the original notification. Four copies of such amendment shall be filed with the Commission at least 10 days prior to any offering or sale of the securities subsequent to filing of such amendment, or such shorter period as the Commission, in its discretion, may authorize upon a written request for such authorization.
- (d) A notification or any exhibit or other document filed as a part thereof may be withdrawn upon application unless the notification is subject to an order under §230.610 at the time the application is filed or becomes subject to such an order within 15 days (Saturdays, Sundays and holidays excluded) thereafter; provided, that a notification may not be withdrawn after any of the securities proposed to be offered thereunder have been sold. Any such application shall be signed in the same manner as the notification.

### **Filing and Use of the Offering Circular**

#### **Reg. §230.605.**

- (a) Except as provided in paragraphs (b) or (f) of this rule and in §230.606:
- (1) No written offer of securities of any issuer shall be made under §§230.601 to 230.610a unless an offering circular containing the information specified in Schedule A or Schedule B, as appropriate, is concurrently given or has previously been given to the person to whom the offer is made, or has been sent to such person under such circumstances that it would normally have been received by him at or prior to the time of such written offer; and
- (2) no securities of such issuer shall be sold under §§230.601 to 230.610a unless such an offering circular is given to the person to whom the securities were sold, or is sent to such person under such circumstances that it would normally be received by him, with or prior to any confirmation of the sale, or prior to the payment by him of all or any part of the purchase price of the securities, whichever first occurs.

- (b) Any written advertisement or other written communication, or any radio or television broadcast, which states from whom an offering circular may be obtained and in addition contains no more than the following information may be published, distributed or broadcast at or after the commencement of the public offering to any person prior to sending or giving such person a copy of such circular:
- (1) the name of the issuer of such security;
  - (2) the title of the security, the amount being offered, and the per-unit offering price to the public; and
  - (3) the identity of the general type of business of the issuer.
- (c) (1) The offering circular may be printed, mimeographed, lithographed or typewritten, or prepared by any similar process which will result in clearly legible copies. If printed, it shall be set in roman type at least as large as ten-point modern type, except that financial statements and other statistical or tabular matter may be set in roman type at least as large as eight-point modern type. All type shall be leaded at least two points.
- (2) Where an offering circular is distributed through an electronic medium, issuers may satisfy legibility requirements applicable to printed documents by presenting all required information in a format readily communicated to investors.
- (d) If the offering is not completed within nine months from the date of the offering circular, a revised offering circular shall be prepared, filed and used in accordance with these rules as for an original offering circular. In no event shall an offering circular be used which is false or misleading in light of the circumstances then existing.
- (e) Four copies of the offering circular required by this rule, which is to be used at the commencement of the offering, shall be filed with the notification at the time such notification is filed and shall be deemed a part thereof. If the offering circular is thereafter revised or amended, four copies of such revised or amended circular shall be filed as an amendment to the notification at least 10 days prior to its use, or such shorter period as the Commission may, in its discretion, authorize upon a written request for such authorization.
- (f) An offering circular filed pursuant to paragraph (e) may be distributed prior to the expiration of the 10-day waiting periods for offerings provided for in §230.604(a) and (c) and paragraph (e) of this section and such distribution may be accompanied or followed by oral offers related thereto, provided the conditions in paragraphs (f)(1) through (f)(4) are met. For the purposes of this section, any offering circular distributed prior to the expiration of the ten day waiting period is called a Preliminary Offering Circular. Such Preliminary Offering Circular may be used to meet the requirements of paragraph (a)(2) of §230.605, provided that if a Preliminary Offering Circular is inaccurate or inadequate in any material respect, a revised Preliminary Offering Circular or an offering circular of the type referred to in paragraph (f)(4) shall be furnished to all persons to whom the securities are to be sold at least 48 hours prior to the mailing of any confirmation of sale to such persons, or shall be sent to such persons under such circumstances that it would normally be received by them 48 hours prior to their receipt of confirmation of the sale.
- (1) Such Preliminary Offering Circular contains substantially the information required by this section to be included in an offering circular, or contains substantially that information except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds, conversion rates, call prices, or other matters dependent upon the offering price.
  - (2) The outside front cover page of the Preliminary Offering Circular shall bear the caption "Preliminary Offering Circular," the date of its issuance, and the following statement which shall run along the left hand margin of the page and printed perpendicular to the text, in boldface type at least as large as that used generally in the body of such offering circular:

A notification pursuant to Regulation E relating to these securities has been filed with the Securities and Exchange Commission. Information contained in this Preliminary Offering Circular is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time an offering circular which is not designated as a Preliminary Offering Circular is delivered. This Preliminary Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sales of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.
  - (3) The Preliminary Offering Circular relates to a proposed public offering of securities that is to be sold by or through one or more underwriters which are broker-dealers registered under Section 15 of the Securities Exchange Act of 1934, each of which has furnished a signed Consent and Certification in the form prescribed as a condition to the use of such offering circular;

- (4) An offering circular which contains all of the information specified in Schedule A or Schedule B (17 CFR 230.610a) and which is not designated as a Preliminary Offering Circular is furnished with or prior to delivery of the confirmation of sale to any person who has been furnished with a Preliminary Offering Circular pursuant to this paragraph.

#### **Offering Not in Excess of \$100,000**

**Reg. §230.606.** No offering circular need be filed or used in connection with an offering of securities under §§230.601 to 230.610a if the aggregate offering price of all securities of the issuer offered or sold without the use of such an offering circular does not exceed \$100,000 computed in accordance with §230.603, provided the following conditions are met:

- (a) There shall be filed as an exhibit to the notification four copies of a statement setting forth the information (other than financial statements) required by Schedule A or Schedule B to be set forth in an offering circular.
- (b) No advertisement, article or other communication published in any newspaper, magazine or other periodical and no radio or television broadcast in regard to the offering shall contain more than the following information:
  - (1) the name of the issuer of such security;
  - (2) the title of the security, amount offered, and the per-unit offering price to the public;
  - (3) the identity of the general type of business of the issuer; and
  - (4) by whom orders will be filled or from whom further information may be obtained.

#### **Sales Material to Be Filed**

**Reg. §230.607.** Four copies of each of the following communications prepared or authorized by the issuer or anyone associated with the issuer, any of its affiliates or any principal underwriter for use in connection with the offering of any securities under §§230.601 to 230.610a shall be filed with the Commission at least five days (exclusive of Saturdays, Sundays and holidays) prior to any use thereof, or such shorter period as the Commission, in its discretion, may authorize.

- (a) every advertisement, article or other communication proposed to be published in any newspaper, magazine or other periodical;
- (b) the script of every radio or television broadcast; and
- (c) every letter, circular or other written communication proposed to be sent, given or otherwise communicated to more than ten persons.

#### **Prohibition of Certain Statements**

**Reg. §230.608.** No offering circular or other written or oral communication used in connection with any offering under §§230.601 to 230.610a shall contain any language stating or implying that the Commission has in any way passed upon the merits of, or given approval to, guaranteed or recommended the securities offered or the terms of the offering or has determined that the securities are exempt from registration, or has made any finding that the statements in any such offering circular or other communication are accurate or complete.

[As adopted in Release No. 33-4005, December 17, 1958, 23 F.R. 10484.]

#### **Reports of Sales Hereunder**

**Reg. §230.609.** Within 30 days after the end of each six-month period following the date of the original offering circular, or of the statement required by §230.606, the issuer or other person for whose account the securities are offered shall file with the Commission four copies of a report on Form 2-E containing the information called for by that form. A final report shall be made upon completion or termination of the offering and may be made prior to the end of the six-month period in which the last sale is made.

## Suspension of Exemption

### Reg. §230.610.

- (a) The Commission may, at any time after the filing of a notification, enter an order temporarily suspending the exemption, if it has reason to believe that—
- (1) no exemption is available under §§230.601 to 230.610a for the securities purported to be offered hereunder or any of the terms or conditions of §§230.601 to 230.610a have not been complied with, including failure to file any report as required by §230.609;
  - (2) the notification, the offering circular or any other sales literature contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading;
  - (3) the offering is being made or would be made in violation of section 17 of the Act;
  - (4) any event has occurred after the filing of the notification which would have rendered the exemption hereunder unavailable if it had occurred prior to such filing;
  - (5) any person specified in paragraph (b) of §230.602 has been indicted for any crime or offense of the character specified in subparagraph (3) thereof, or any proceeding has been initiated for the purpose of enjoining any such person from engaging in or continuing any conduct or practice of the character specified in subparagraph (4) of such paragraph;
  - (6) any person specified in paragraph (c) of §230.602 has been indicted for any crime or offense of the character specified in subparagraph (1) thereof, or any proceeding has been initiated for the purpose of enjoining any such person from engaging in or continuing any conduct or practice of the character specified in subparagraph (2) of such paragraph; or
  - (7) the issuer or any officer, director or underwriter has failed to cooperate, or has obstructed or refused to permit the making of an investigation by the Commission in connection with any offering made or proposed to be made hereunder.
- (b) Upon the entry of an order under paragraph (a) of this rule, the Commission will promptly give notice to the persons on whose behalf the notification was filed (1) that such order has been entered, together with a brief statement of the reasons for the entry of the order, and (2) that the Commission, upon receipt of a written request within 30 days after the entry of such order, will, within 20 days after the receipt of such request, set the matter down for hearing at a place to be designated by the Commission. If no hearing is requested and none is ordered by the Commission, the order shall become permanent on the thirtieth day after its entry and shall remain in effect unless or until it is modified or vacated by the Commission. Where a hearing is requested or is ordered by the Commission, the Commission will, after notice of an opportunity for such hearing, either vacate the order or enter an order permanently suspending the exemption.
- (c) The Commission may at any time after notice of and opportunity for hearing, enter an order permanently suspending the exemption for any reason upon which it could have entered a temporary suspension order under paragraph (a) of this rule. Any such order shall remain in effect until vacated by the Commission.
- (d) All notices required by this rule shall be given to the person or persons on whose behalf the notification was filed by personal service, registered or certified mail or confirmed telegraphic notice at the addresses of such persons given in the notification.

**SCHEDULE A**  
**CONTENTS OF OFFERING CIRCULAR FOR SMALL BUSINESS INVESTMENT COMPANIES**

**Reg. §230.610a. General Instructions.**

1. The information in the offering circular should be organized to make it easier to understand the organization and operation of the company. The required information need not be in any particular order, except that Items 1 and 2 must be the first and second items in the offering circular.

2. The offering circular, including the cover page, may contain more information than is called for by this Schedule, provided that it is not incomplete, inaccurate, or misleading. Also, the additional information should not, by its nature, quantity, or manner of presentation, obscure or impede understanding of required information.

*Item 1. Cover Page.*

The cover page of the offering circular shall include the following information:

- (a) The name of the issuer;
- (b) The mailing address of the issuer's principal executive offices including the zip code and the issuer's telephone number;
- (c) The date of the offering circular;
- (d) A list of the type and amount of securities offered (e.g., if the securities offered include redemption or conversion features, so state);
- (e) The following statement in capital letters printed in bold face roman type at least as large as ten-point modern type and at least two points leaded:

“THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES BEING OFFERED ARE EXEMPT FROM REGISTRATION. THE SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE.”

- (f) The name of the underwriter or underwriters, if applicable;
- (g) A cross-reference to the place in the offering circular discussing the material risks involved in purchasing the securities, printed in bold face roman type at least as high as ten-point modern type and at least two points leaded;
- (h) The approximate date when the proposed sale to the public will begin; and
- (i) The information called for by the following table shall be given, in substantially the tabular form indicated, on the outside front cover page of the offering circular as to all securities being offered (estimate, if necessary):

Offering Price to Public	Underwriting discounts and commissions	Proceeds to issuer or other persons
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Per share or other unit basis

Total

If the securities are to be offered on a best efforts basis, the cover page should set forth the termination date, if any, of the offering, any minimum required sale, and any arrangements to place the funds received in an escrow, trust, or similar arrangement. The following tabular presentation of the total maximum and minimum securities to be offered should be combined with the table required above:

Offering Price to Public	Underwriting discounts and commissions	Proceeds to issuer or other persons
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Total Minimum

Total Maximum

*Instructions:*

1. The term “commission” shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which any underwriter is interested, made in connection with the sale of such security.

2. Only commissions paid by the issuer in cash are to be indicated in the table. Commissions paid by other persons or any form of non-cash compensation shall be briefly identified in a note to the table with a cross-reference to a more complete description elsewhere in the offering circular.

3. If the securities are not to be offered for cash, state the basis upon which the offering is to be made.

4. (a) If it is impracticable to state the price to the public, briefly state the method by which the price is to be determined.

(b) any “finder’s fees” or similar payments must be disclosed in a note to the table with a reference to a more complete discussion in the offering circular.

(c) The amount of the expenses of the offering borne by the issuer, including underwriting expenses to be borne by the issuer, should be disclosed in a note to the table.

5. If any of the securities are to be offered for the account of any security holder, state the identity of each selling security holder, the amount owned by him, the amount offered for his account and the amount to be owned after the offering.

*Item 2. General Description of Issuer.*

(a) Concisely discuss the organization and operation or proposed operation of the issuer. Include the following:

(i) basic identifying information, including:

(A) the date and form of organization of the issuer and the name of the state under whose laws it is organized;

(B) a brief description of the nature of a small business investment company; and

(C) the classification and subclassification of the issuer as specified in sections 4 and 5 of the Investment Company Act of 1940.

(ii) a concise description of the investment objectives and policies of the issuer, including:

(A) if those objectives may be changed without a vote of the holders of the majority of the voting securities, a brief statement to that effect; and

(B) a brief discussion of how the issuer proposes to achieve its objectives, including:

(1) the types of securities (for example, bonds, convertible debentures, preferred stocks, common stocks) in which it may invest, and the proportion of the assets which may be invested in each type of security;

(2) if the issuer proposes to have a policy of concentrating in a particular industry or group of industries, identification of such industry or industries. (Concentration, for purposes of this item, is deemed to be 25% or more of the value of the issuer’s total assets invested or proposed to be invested in a particular industry or group of industries).

(C) a concise description of any other policies of the issuer that may not be changed without the vote of the majority of the outstanding voting securities, including those policies which the issuer deems to be fundamental within the meaning of Section 8(b) of the 1940 Act.

- (D) a concise description of those significant investment policies or techniques (such as investing for control or management or investing in other investment companies) that are not described pursuant to subparagraphs (B) and (C) above that the issuer employs or has the current intention of employing in the foreseeable future.

Note: If the effect of a policy is to prohibit a particular practice, or, if the policy permits a particular practice but the issuer has not employed that practice within the past year and has no current intention of doing so in the foreseeable future, do not include disclosure as to that policy.

- (b) Discuss briefly the principal risk factors associated with investment in the issuer, including factors peculiar to the issuer as well as those generally attendant to investment in a small business investment company with investment policies and objectives similar to the issuer.

*Item 3. Plan of Distribution.*

- (a) If the securities are to be offered through underwriters, give the names of the principal underwriters, and state the amounts underwritten by each. Identify each underwriter having a material relationship to the issuer and state the nature of the relationship. State briefly the nature of the underwriters' obligation to take the securities.
- (b) State briefly the discounts and commissions to be allowed or paid to dealers, including all cash, securities, contracts or other consideration to be received by any dealer in connection with the sale of the securities.
- (c) If "finder's fees" are to be paid, identify the "finder," the nature of the services rendered and the nature of any relationship between the "finder" and the issuer, its officers, directors, promoters, principal stockholders and underwriters (including any affiliates thereof). If a "finder" is not registered with the Commission as a broker or dealer, disclose that fact.
- (d) Outline briefly the plan of distribution of any securities being issued which are to be offered through the selling efforts of brokers or dealers or otherwise than through underwriters.
- (e) (1) Describe any arrangements for the return of funds to subscribers if all of the securities to be offered are not sold; if there are no such arrangements, so state.  
  
(2) If there will be a material delay in the payment of the proceeds of the offering by the underwriter to the issuer, the nature of the delay and the effects on the issuer should be briefly described.

*Item 4. Management and Certain Security Holders of the Issuer.*

- (a) Give the full names and complete addresses of all directors, officers, members of any advisory board of the issuer and any person who owns more than 5 percent of any class of securities of the issuer (other than the Small Business Administration if the issuer is a small business investment company as defined in section 230.602(a) of this chapter).
- (b) Identify each person who as of a specified date no more than 30 days prior to the date of filing of this registration statement, controls the issuer as specified in section 2(a)(9) of the Investment Company Act of 1940.
- (c) Give the business experience over the last five years of any person named in (a) above who is or is expected to be significantly involved in the investment decisions of the issuer or in providing advisory services, direction or control of portfolio companies of the issuer.
- (d) State the aggregate annual remuneration of each of the three highest-paid persons who are officers or directors of the issuer and all officers and directors as a group during the issuer's last fiscal year. State the number of persons in the group referred to above without naming them.
- (e) Describe all direct and indirect interests (by security holdings or otherwise) of each person named in (a) above (i) in the issuer and (ii) in any material transactions within the past two years or in any material proposed transaction to which the issuer was or is to be a party. Include the cost to such persons of any assets or services for which the issuer was or is to be a party. Include the cost to such persons of any assets or services for which any payment by or for the account of the issuer has been or is to be made.
- (f) Provide, if applicable, for each investment adviser of the issuer as defined in section 2(a)(20) of the Investment Company Act of 1940:

- (i) the name and address of the investment adviser and a brief description of its experience as an investment adviser, and, if the investment adviser is controlled by another person, the name of that person and the general nature of its business. (If the investment adviser is subject to more than one level of control, it is sufficient to give the name of the ultimate control person.)
- (ii) a brief description of the services provided by the investment adviser. (If, in addition to providing investment advice, the investment adviser or persons employed by or associated with the investment adviser are, subject to the authority of the board of directors, responsible for overall management of issuer's business affairs, it is sufficient to state that fact in lieu of listing all services provided.)
- (iii) a brief description of the investment adviser's compensation. (If the issuer has been in operation for a full fiscal year, provide the compensation paid to the adviser for the most recent fiscal year as a percentage of average net assets. No further information is required in response to this Item if the adviser is paid on the basis of a percentage of net assets and if the issuer has neither changed investment advisers nor changed the basis on which the adviser was compensated during the most recent fiscal year. If the fee is paid in some manner other than on the basis of average net assets, briefly describe the basis of payment. If the registrant has not been in operation for a full fiscal year, state generally what the investment adviser's fee will be as a percentage of average net assets, including any breakpoints, but it is not necessary to include precise details as to how the fee is computed or paid.)

*Item 5. Portfolio companies.*

Furnish the following information, in the tabular form indicated, with respect to the portfolio companies of the issuer, as of a special date within 90 days prior to the date of filing the notification with the Commission pursuant to an offering of securities under Regulation E.

<i>Name and address of portfolio companies</i>	<i>Nature of its principal business</i>	<i>Title of Securities owned, controlled or held by issuer</i>	<i>Number of shares or amount of loan to portfolio companies</i>
<i>Percentage of class of securities owned, controlled or held by issuer</i>	<i>Value</i>	<i>Percentage of total value of portfolio companies</i>	

*Instructions:*

1. Provide the city and state for address of portfolio companies.
2. State the value as of date of balance sheet required under Item 7.

*Item 6. Capital Stock and Other Securities.*

- (a) Describe concisely the nature and most significant attributes of the securities being offered, including: (i) a brief discussion of voting rights; (ii) restrictions, if any, on the right freely to retain or dispose of such security; (iii) conversion rights, if applicable; and (iv) any material obligations or potential liability associated with ownership of such security (not including investment risks).
- (b) If the rights of holders of such security may be modified otherwise than by a vote of majority or more of the shares outstanding, voting as a class, so state and explain briefly.
- (c) If the issuer has any other classes of securities outstanding (other than bank borrowings or borrowings that are not senior securities under Section 18(g) of the Investment Company Act of 1940) identify them and state whether they have any preference over the security being offered.
- (d) Describe briefly the issuer's policy with respect to dividends and distributions, including any options shareholders may have as to the receipt of such dividends and distributions.

- (e) Describe briefly the tax consequences to investors of an investment in the securities being offered. Such description should not include detailed discussion of applicable law. If the issuer intends to qualify for treatment under Subchapter M, it is sufficient, in the absence of special circumstances, to state briefly that in that case: (i) the issuer will distribute all of its net income and gains to shareholders and that such distributions are taxable income or capital gains; (ii) shareholders may be proportionately liable for taxes on income and gains of the issuer but that shareholders not subject to tax on their income will not be required to pay tax on amounts distributed to them; and that (iii) the issuer will inform shareholders of the amount and nature of such income or gains.
- (f) Where there is a material disparity between the public offering price and the effective cash cost to officers, directors, promoters and affiliated persons for shares acquired by them in a transaction during the past three years, or which they have a right to acquire, there should be included a comparison of the public contribution under the proposed public offering and the effective cash contribution of such persons. In such cases, and in other instances where the extent of the dilution makes it appropriate, the following shall be given: (1) the net tangible book value per share before and after the distribution; (2) the amount of the increase in such net tangible book value per share attributable to the cash payment made by purchasers of the shares being offered; and (3) the amount of the immediate dilution from the public offering price which will be absorbed by such purchasers.

*Item 7. Financial Statements.*

Furnish appropriate financial statements of the issuer as required below. Such statements shall be prepared in accordance with generally accepted accounting principles and practices. The statements required for the issuer's latest fiscal year shall be certified by an independent public accountant or certified public accountant in accordance with Regulation S-X if the issuer has filed or is required to file with the Commission certified financial statements for such fiscal year; the statements filed for the period or periods preceding such latest year need not be certified.

- (a) A balance sheet as of a date within 90 days prior to the date of filing the notification with the Commission.
- (b) A profit and loss or income statement for each of the last two fiscal years and for any subsequent period up to the date of the balance sheet furnished pursuant to (a) above.

**SCHEDULE B  
CONTENTS OF OFFERING CIRCULAR FOR BUSINESS DEVELOPMENT COMPANIES**

*General Instructions.* Same as General Instructions to Schedule A.

*Item 1.* Same as Item 1 of Schedule A.

*Item 2. General Description of Issuer.*

- (a) Concisely discuss the organization and operation or proposed operation of the issuer. Include the following:
  - (i) basic identifying information, including:
    - (A) the date and form of organization of the issuer and the name of the state under the laws of which it is organized; and
    - (B) a brief description of the nature of a business development company.

NOTE: A business development company having a wholly-owned small business investment company subsidiary should disclose how the subsidiary is regulated, e.g., as an investment company registered under the Investment Company Act of 1940, and what percentage of the parent company's assets are, or are expected to be, invested in the subsidiary. The business development company should also describe the small business investment company's operations, including any material difference in investment policies between the business development company and its small business investment company subsidiary.

- (ii) a concise description of the investment objectives and policies of the issuer, including:
  - (A) if those objectives may be changed without a vote of the holders of the majority of the voting securities, a brief statement to that effect; and

- (B) a brief discussion of how the issuer proposes to achieve such objectives, including:
- (1) the types of securities (for example, bonds, convertible debentures, preferred, stocks, common stock) in which it may invest, indicating the proportion of the assets which may be invested in each such type of security;
  - (2) if the issuer proposes to have a policy of concentrating in a particular industry or group of industries, identification of such industry or industries. (Concentration, for purposes of this item, is deemed to be 25% or more of the value of the issuer's total assets invested or proposed to be invested in a particular industry or group of industries).
  - (3) investment in companies for the purpose of exercising control or management;
  - (4) the policy with respect to any assets that are not required to be invested in eligible portfolio companies or other companies qualifying under section 55 of the Investment Company Act of 1940;
  - (5) the policy with respect to rendering significant managerial assistance to eligible portfolio companies or other companies qualifying under section 55 of the Investment Company Act of 1940;
  - (6) the policy with respect to investing as part of a group.
- (C) identification of any other policies of the issuer that may not be changed without the vote of the majority of the outstanding voting securities, including the policy not to withdraw its election as a business development company without approval by the majority of the outstanding voting securities.
- (D) a concise description of those significant investment policies or techniques (such as investing for control or management) that are not described pursuant to subparagraph (B) or (C) above the issuer employs or has the current intention of employing in the foreseeable future.
- (b) Discuss briefly the principal risk factors associated with investment in the issuer, including factors peculiar to the issuer as well as those generally attendant to investment in a business development company with investment policies and objectives similar to the issuer.

*Item 3.* Same as Item 3 of Schedule A.

*Item 4.* Same as Item 4 of Schedule A.

*Item 5.* Same as Item 5 of Schedule A.

*Item 6.* Same as Item 6 of Schedule A.

*Item 7.* Same as Item 7 of Schedule A.

#### **SEC's Collection of Information**

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Filing of this Form is mandatory. Section \_\_\_\_\_ of the Investment Company Act of 1940 ("1940 Act") and the rules thereunder require [state who] to [do what]. The Commission staff uses the information to [what?]. [State who else might use the information.]. The information collected on Form \_\_\_\_\_ is publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate of this Form and any suggestions for reducing the burden of the Form. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. §3507.